

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1715 - SB 2272

March 13, 2014

SUMMARY OF BILL: Authorizes the acquisition by a public utility, under certain conditions, of a water or sewer utility system owned by a local government pending approval by the Tennessee Regulatory Authority (TRA) and the governing body of the utility system. Requires public utilities be eligible to receive monies from the Drinking Water Revolving Loan Fund and the Wastewater Facilities Act for the purpose of acquiring a water system owned by a local government.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Due to multiple unknown variables a precise fiscal impact to state government and the net impact to local government is indeterminable.

Assumptions:

- According to the Department of Environment and Conservation, the provisions of the bill will not fiscally impact the department.
- Under current law, public utilities are authorized to acquire municipal water and wastewater systems. The provisions of the bill would extend this ability to include water and wastewater utility districts.
- According to TRA, the authority can handle any increased case load associated with the provisions of the bill within existing resources.
- It is unknown how many utility districts will be acquired by a public utility, and the extent of any impact to local government revenue as a result of the utility being purchased, therefore a precise impact to local government revenue cannot be determined, however any impact as a result of the purchase of a utility district will be permissive.
- The bill will make funds and low-interest rate loans currently available only to utilities owned by local governments available to public utilities when acquiring a local utility district; resulting in either a decrease in available funding for local government for operation of utilities or an increase in state expenditures for providing additional funds to public utilities.

- It is unknown how many public utilities will seek to gain monies from the Drinking Water Revolving Loan Fund or pursuant to the Wastewater Facilities Act for the acquisition of a local utility district, the extent of any monies received by the public utility, the extent of any such funds which will no longer be available to local government utilities or the extent of additional state expenditures for providing such loans, therefore a precise fiscal impact to state and local government is indeterminable.

IMPACT TO COMMERCE:

Other Fiscal Impact – Due to multiple unknown variables, a precise impact to commerce is indeterminable. The net impact to Tennessee jobs is estimated to be not significant.

Assumptions:

- It is unknown how many public utilities will seek to acquire a local utility district, the cost of any such acquisition, the extent of any impact after acquisition of the local utility district; therefore a precise impact to commerce throughout the state is indeterminable.
- It is assumed upon acquisition of a local utility district the public utility will replace current local government employees with private sector employees; however the net impact to Tennessee jobs is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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